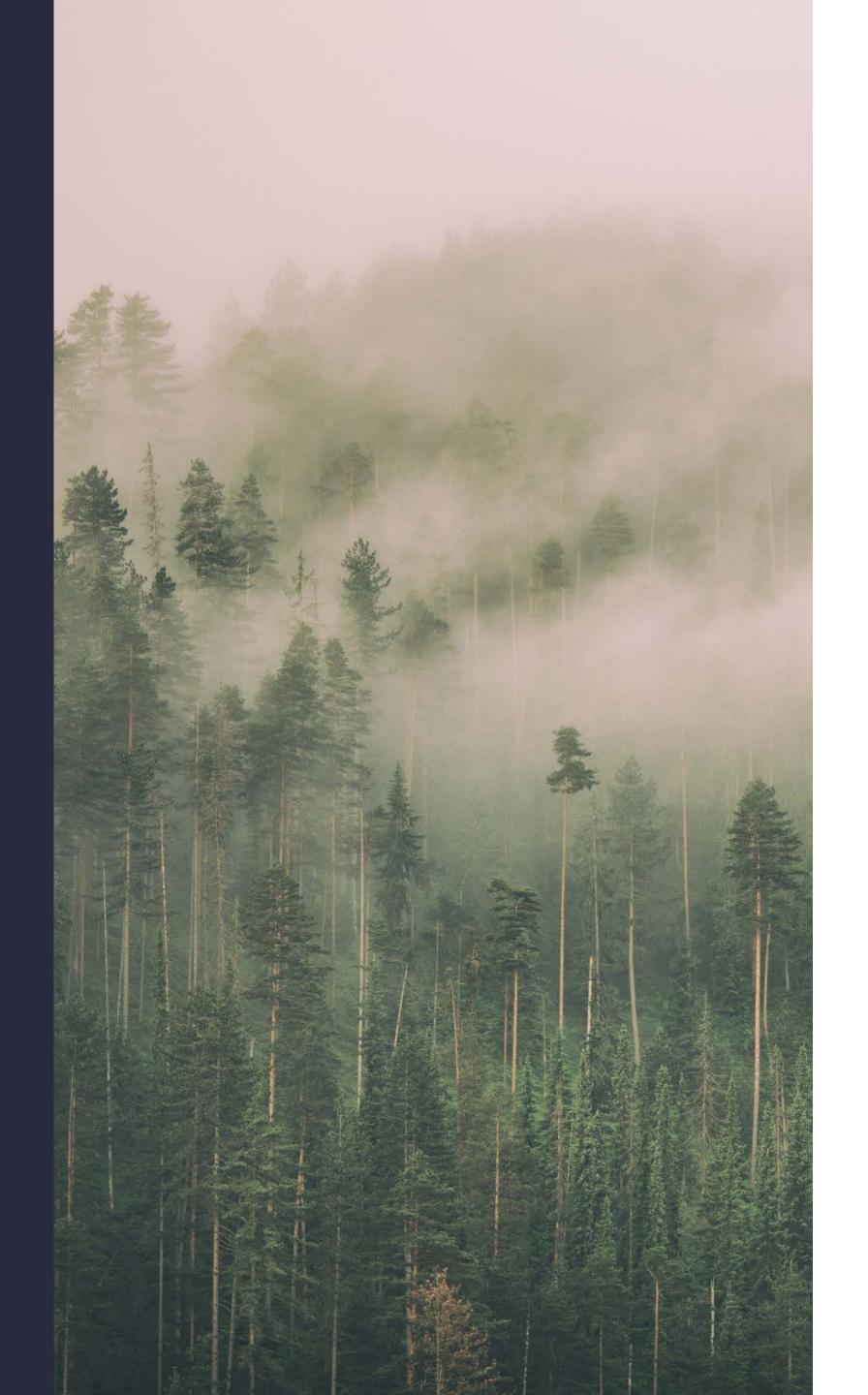




Timberland and agriculture

# Policy on deforestation



We recognize that deforestation is one of the greatest drivers of climate change and nature loss globally. As an investment manager of natural capital assets, we have an important opportunity to contribute to global efforts to mitigate climate change, and to halt and reverse nature loss. We're committed to playing our part in these global efforts, and this policy details our commitment.

Farms and forests both play critical roles in society—not least the provision of food, fiber, and building materials. However, because both land uses have been associated with deforestation at some times and in some places, we believe it's our responsibility to protect forests that are particularly valuable for environmental or social reasons. These include, but aren't limited to, high conservation value forests, forests of exceptional conservation value, forests that are home to threatened and endangered species, and forests that hold special cultural value.



Clear or convert such forests

Allow such forests to be cleared or converted (insofar as it's within our reasonable ability to influence)

Benefit financially through the purchase or sale of land cleared of, or converted from, such forests in the recent past (unless such benefit is the result of our restoration of that land to its previous forest type)

We'll adhere to appropriate deforestation cutoff dates defined by the most relevant biome or geography-specific deforestation protocols in areas where we invest, and we won't acquire land that was forested with natural forest vegetation and has subsequently been converted to a planted forest or non-forested land use, unless allowed within the parameters of a regulated no-net-negative impact (or equivalent) program.

We'll ensure that investments made in countries or regions not explicitly listed below will be treated similarly, with appropriate cutoff dates determined in the due diligence process.



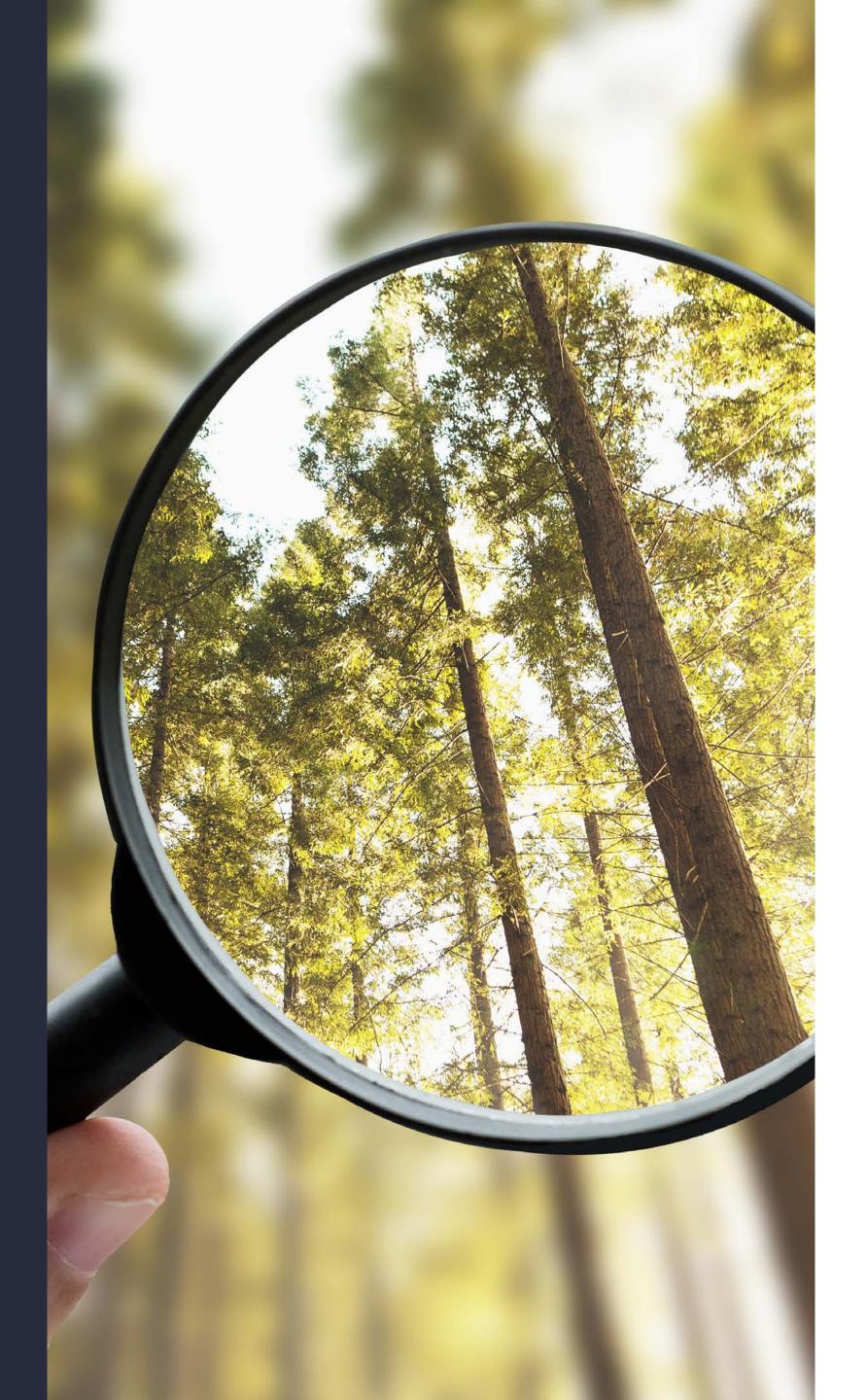
<sup>\*</sup> May 2009 or later in accordance with criteria set forth by the Roundtable for Responsible Soy.

Where natural forest type or biome is ambiguous, we won't engage in conversion of natural forests to non-forested land use unless appropriate stakeholder outreach and consultation, combined with legal due diligence, deem it acceptable.

For planted forests and non-primary natural forests, including those located in the above countries or regions but planted or originated prior to the cutoff dates specified, harvesting and clearing to higher-and-better land use (such as for renewable energy developments) may be permitted, subject to compliance with voluntary third-party certification standards.

In cases of forest mortality due to natural disaster (such as wildfire, cyclone, or pest infestation), or of emergency forest operations in anticipation of or in response to such a disaster, salvage harvesting or clearing activities may be permitted provided that appropriate environmental due diligence is conducted that documents any potential harm to biodiversity, and confirms that such harm is negligible.

We pledge to maintain and update our policy on deforestation as informed by international laws, best practices, and generally accepted frameworks and/or protocols designed to curb deforestation.



# Definitions

All the following definitions are borrowed from the 2015 Forest Resources Assessment (FRA) prepared by the Food and Agricultural Organization of the United Nations,<sup>3</sup> with the exception of the term *Natural Forest*, which isn't defined in the 2015 FRA and is therefore borrowed from the 2000 FRA.<sup>4</sup>

#### **Deforestation**

This means the conversion of forest to other land use or the permanent reduction of the tree canopy cover below the minimum 10% threshold.

### **Explanatory notes**

- **1** Deforestation implies the long-term or permanent loss of forest cover and implies transformation into another land use.
- 2 It includes areas of forest converted to agriculture, pasture, water reservoirs, and urban areas. The term specifically excludes areas where the trees have been removed as a result of harvesting or logging, and where the forest is expected to regenerate naturally or with the aid of silvicultural measures, unless logging is followed by the clearing of the remaining logged-over forest for the introduction of alternative land uses. Deforestation also includes areas where, for example, the impact of disturbance, overutilization, or changing environmental conditions affects the forest to an extent that it cannot sustain a canopy cover above the 10% threshold.

#### **Forest**

This is defined by land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10%, or trees able to reach these thresholds in situ. It doesn't include land that is predominantly under agricultural or urban land use.

# **Natural forest**

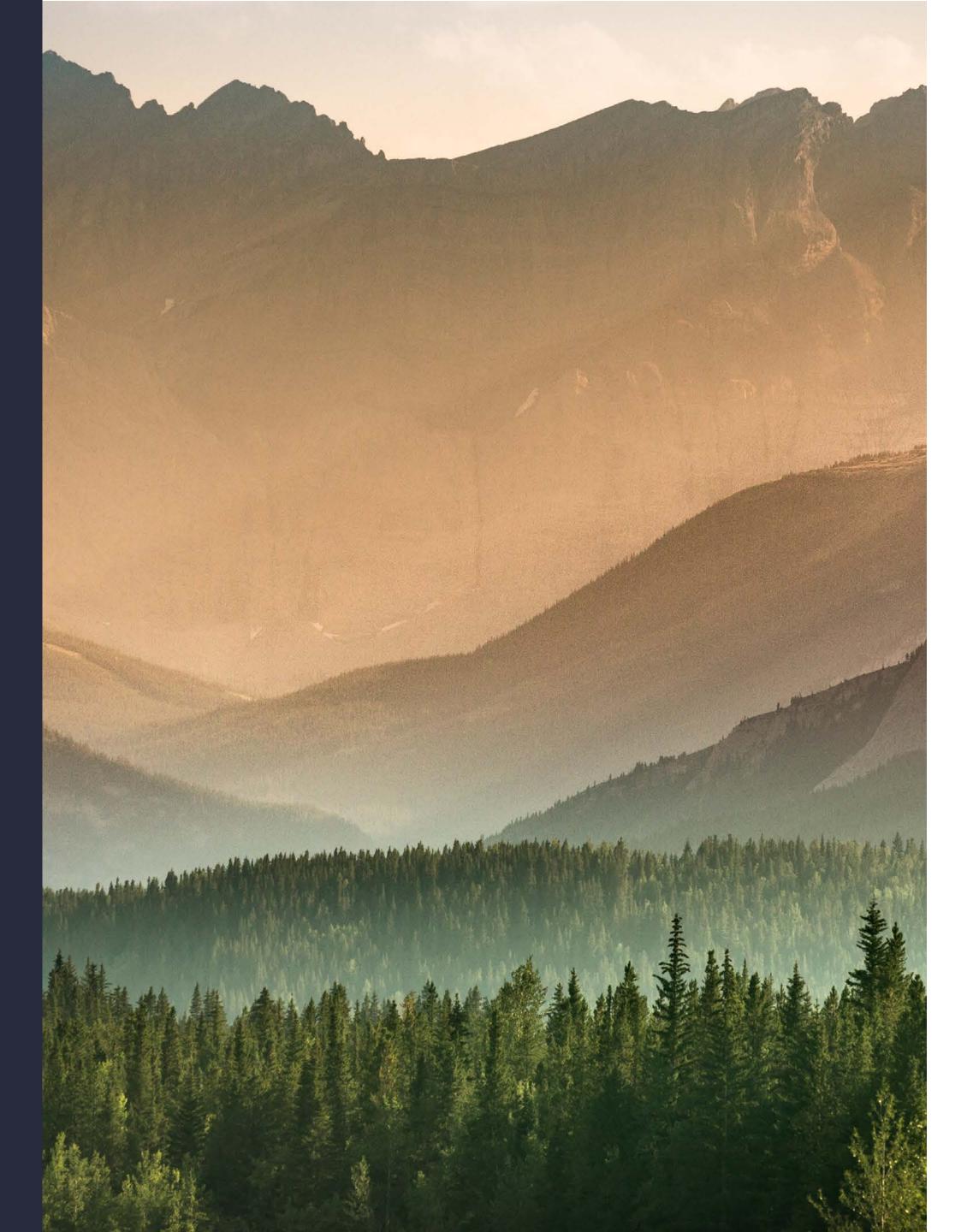
A forest composed of indigenous trees and not classified as a planted forest.

# **Planted forest**

A forest that is predominantly composed of trees established through planting and/or deliberate seeding.

# **Primary forest**

This is a naturally regenerated forest of native species, where there are no clearly visible indications of human activities and the ecological processes aren't significantly disturbed.



**1** 2018 Sustainability Report, Global Roundtable for Sustainable Beef. https://grsbeef.org/resources/Documents/WhoWeAre/GRSB\_Sustainability\_Report\_2018.pdf (accessed 9/9/19) **2** Boreal Forest Conservation Framework, Boreal Leadership Council, 2003. https://www.borealbirds.org/publications/boreal-forest-conservation-framework (accessed 9/9/19) **3** Forest Resources Assessment working paper 180: terms and definitions, Food and Agricultural Organization of the United Nations (FAO), 2015. http://www.fao.org/3/ap862e/ap862e00.pdf (accessed 9/9/19) **4** Forest Resources Assessment working paper Appendix 2. Terms and definitions, FAO, 2000. https://www.fao.org/3/Y1997E/y1997e1m.htm#bm58 (accessed 9/19/19).

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